

THE COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

**DEPARTMENT OF  
TELECOMMUNICATIONS & ENERGY**

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July 15, 2004

Robert N. Werlin, Esq.  
John K. Habib, Esq.  
Keegan, Werlin & Pabian LLP  
265 Franklin Street  
Boston, MA 02110  
FOR: Cambridge Electric Light Company  
Commonwealth Electric Company

RE: Department's First Set of Information Requests to NSTAR  
NSTAR/Pittsfield PPA Termination Agreement - D.T.E. 04-60

Dear Messrs. Werlin and Habib:

Enclosed please find the Department of Telecommunications and Energy's First Set of Information Requests to Cambridge Electric Light Company and Commonwealth Electric Company in the above-referenced proceeding. Please provide the requested answers by Thursday, July 22, 2004. If you have any questions on this request, please contact me at (617) 305-3613.

Sincerely,

Joan Foster Evans  
Hearing Officer

cc. Mary L. Cottrell, Secretary  
Service List  
Staff as assigned

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**FIRST SET OF INFORMATION REQUESTS  
D.T.E. 04-60**

Pursuant to 220 C.M.R. § 1.06 (6)(c), the Department of Telecommunications and Energy ("Department") submits to Cambridge Electric Light Company and Commonwealth Electric Company ("Companies") the following Information Requests.

**I. Instructions**

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Companies in this proceeding.

1. Each request should be answered in writing on a separate three-hole punched page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Please do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Companies or their witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term "provide complete and detailed documentation" means:  
  
Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting workpapers.
5. The term "document" is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If the Companies find that any one of these requests is ambiguous, please notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. If a question refers to an Information Request of another party, please provide that response and answer with information that supplements the previous response.

8. Please serve a copy of the responses on Mary L. Cottrell, Secretary of the Department; also submit two (2) copies of the responses to Joan Foster Evans, Hearing Officer, and one copy each to Sean Hanley, James Powell, and Xuan Yu of the Rates and Revenue Requirements Division, and Robert Harrold, Boris Shapiro, and Joseph Tiernan of the Electric Power Division.

## **II. Information Requests**

- IR-DTE-1-1 Refer to Exh. NSTAR-GOL at 9, and Exh. NSTAR-GOL-1. The companies state that there were 29 separate PPAs in the 1999 Joint Auction and there were 24 separate PPAs in the 2003 Auction. Please provide detailed information on the five PPAs that were included in the 1999 auction but were not included in the 2003 auction using the same format as presented in Exh. NSTAR-GOL-1. Are these five PPAs the same PPAs stated on Exh. NSTAR-GOL at 10? If not, explain why these five PPAs were not included in the 2003 Auction.
- IR-DTE-1-2 Refer to Exh. NSTAR-GOL at 13. Please confirm whether the approximately six million dollars of savings to customers on a NPV basis is the sum of the \$2.976 million found on Exh. NSTAR-CAM-GOL-2, and the \$2.866 million found on Exh. NSTAR-COM-GOL-2, which adds up to \$5.842 million.
- IR-DTE-1-3 Refer to Exh. NSTAR-GOL at 13. Please identify the month and year in which ratepayers would begin to receive economic benefits under the proposed buyout. For how long would ratepayers continue to receive economic benefits under the proposed buyout?
- IR-DTE-1-4 Refer to Exh. NSTAR-GOL at 14. Please provide a hard copy and, if available, an electronic copy in Excel format with the formulas contained in the cells, of Exh. CAM-JFL-3 (supp) and Exh. COM-JFL-3 (supp) from D.T.E. 03-118.
- IR-DTE-1-5 Refer to Exh. NSTAR-GOL at 15. Please provide a hard copy and, if available, an electronic copy in Excel format with the formulas contained in the cells, of Exh. CAM-JFL-6 (supp) and Exh. COM-JFL-6 (supp) from D.T.E. 03-118.
- IR-DTE-1-6 Refer to Exh. NSTAR-GOL at 16. The Company stated that it would allocate the consulting and legal costs for the 2003 Auction based on the savings by contract. Please explain in detail how the allocation will be made and identify whether the allocation factor is based on gross savings or the net present value of the savings.
- IR-DTE-1-7 Refer to Exh. NSTAR-GOL at 15. Please provide a projection of the consulting and legal costs to be incurred by the Company to conduct the 2003 Auction and the Pittsfield Termination Agreement. Will these costs reduce the estimated \$6 million in savings to ratepayers? Please provide all supplemental workpapers and calculations.
- IR-DTE-1-8 Refer to Exh. NSTAR-GOL at 19, identifying an Effective Date of October 1, 2004. Please explain how a delay in the effective date would affect customer

savings under the Termination Agreement. Provide a calculation of the amount per day of any loss of customer savings.

- IR-DTE-1-9 Refer to Exh. NSTAR-CAM-GOL-1 at B-3. Please explain how the Monthly Gas Transportation Demand Cost factors were derived for the years 1992- 2011. Provide a copy of all supporting workpapers and calculations.
- IR-DTE-1-10 Please provide electronic copies of Exhs. NSTAR-CAM-GOL-2, NSTAR-CAM-GOL-3, NSTAR-CAM-GOL-4, NSTAR-CAM-GOL-5, NSTAR-CAM-GOL-6, NSTAR-CAM-GOL-7, and NSTAR-CAM-GOL-8 in Excel format with the formulas contained in the cells.
- IR-DTE-1-11 Please provide electronic copies of Exhs. NSTAR-COM-GOL-2, NSTAR-COM-GOL-3, NSTAR-COM-GOL-4, NSTAR-COM-GOL-5, NSTAR-COM-GOL-6, NSTAR-COM-GOL-7, and NSTAR-COM-GOL-8 in Excel format with the formulas contained in the cells.
- IR-DTE-1-12 Refer to Exhs. NSTAR-CAM-GOL-7 and NSTAR-CAM-GOL-8. Please provide the total cost of the NUG Purchases found on line 7 (including the costs collected through the transition charge).
- IR-DTE-1-13 Refer to Exhs. NSTAR-COM-GOL-7 and NSTAR-COM-GOL-8. Please provide the total cost of the NUG Purchases found on line 7 (including the costs collected through the transition charge).
- IR-DTE-1-14 Refer to Exh. NSTAR-CAM-GOL-2. Based on a discount rate of 7.72 percent, \$3.607 million in savings, and a NPV of \$2.976 million please identify the number of years used for discounting. Provide all supporting calculations and workpapers.
- IR-DTE-1-15 Refer to Exh. NSTAR-COM-GOL-2. Based on a discount rate of 8.2 percent, \$3.763 million in savings, and a NPV of \$2.866 million please identify the number of years used for discounting. Provide all supporting calculations and workpapers.
- IR-DTE-1-16 Refer to Exhs. NSTAR-CAM-GOL-2 and NSTAR-COM-GOL-2. Please explain why Cambridge and Commonwealth used different discount rates.
- IR-DTE-1-17 Refer to Exhs. NSTAR-CAM-GOL-2 and NSTAR-COM-GOL-2. Should the line that reads "Sources: Col: D" instead refer to Col E, which is titled "Customer Savings," such that Col. B minus Col. D = Col. E? Please locate Col. D on these exhibits.

- IR-DTE-1-18 Refer to Exhs. NSTAR-CAM-GOL-2 and NSTAR-COM-GOL-2. Please explain in more detail what the numbers in Columns B and C represent.
- IR-DTE-1-19 Refer to Exh. NSTAR-CAM-GOL-3, page 1, Column B, and Exh. NSTAR-COM-GOL-3, page 1, Column B. Please (1) explain the basis for the forecast of the transition costs in the last seven months of 2004; (2) explain the basis for the assumption of two percent load growth per annum for the years 2005 and beyond; and (3) provide the GWH delivered for the years 1998 through 2002.
- IR-DTE-1-20 Refer to Exh. NSTAR-CAM-GOL-3, page 1, Columns C&D, and Exh. NSTAR-COM-GOL-3, page 1, Columns C&D. Please explain why  $\text{Col. C} = \text{Col.D} / \text{Col.B}$  and  $\text{Column D} = \text{Col.B} * \text{Col.C}$  for the year 2004? Should Col. D be used as the input for calculating Col. C or should Col. C be used as the input to get Col. D for the year 2004?
- IR-DTE-1-21 Refer to Exh. NSTAR-CAM-GOL-3 at 6, and Exh. NSTAR-COM-GOL-3 at 6. Please explain the basis for the forecast of transition costs for the last seven months of 2004.
- IR-DTE-1-22 Refer to Exh. NSTAR-GOL at 12-13. Please provide a detailed description of the origin of the \$1.67 million per month from the Pittsfield Termination Agreement. Explain how the Companies arrive at that sum. Please provide all supplemental workpapers and calculations.
- IR-DTE-1-23 Refer to Exh. NSTAR-GOL at 18. Please describe in detail how the loss of state tax benefits have been minimized by the timing of payments between Cambridge and Commonwealth.
- IR-DTE-1-24 According to Exhs. NSTAR-CAM-GOL-1 and NSTAR-COM-GOL-1, Cambridge and Commonwealth each hold a 17.2 percent entitlement in Altresco-Pittsfield. Yet, in Exh. NSTAR RBH-6, at 1 of 5, the Projected Contract Costs for Cambridge are different than those for Commonwealth (lines 3 and 10). Please explain the difference.
- IR-DTE-1-25 Refer to Exh. NSTAR-RBH at 5. Please confirm whether the auction procedure in the years 1999 and 2003 were identical. If not, please identify the differences. Also, explain why the 2003 Auction produced termination agreements, while the 1999 Auction failed to produce PPA mitigation transactions.
- IR-DTE-1-26 Refer to Exh. NSTAR-RBH at 10. Please detail how the Company publically announced its intention to sell or transfer the PPA Entitlements.

- IR-DTE-1-27 Refer to Exh. NSTAR-RBH at 10. Please detail how the Company identified the potential bidders that were provided with the Early Interest Package.
- IR-DTE-1-28 Refer to Exh. NSTAR-RBH at 5. Please state how many bids the company received in the 1999 auction. How many companies resubmitted their bids in the 2003 auction?
- IR-DTE-1-29 Refer to Exh. NSTAR-RBH at 16, which refers to two pricing options included in the PPA Entitlement Bid Form. Please confirm which pricing option NSTAR used in its D.T.E. 04-60 calculations, and explain why the Companies chose that particular pricing option. Provide prices bid by Bidder B, C, and D under both options.
- IR-DTE-1-30 Refer to Exh. NSTAR-RBH at 18. Please provide the Henwood Northeast Electric and Gas Price Forecast, including all supporting documents.
- IR-DTE-1-31 Refer to Exh. NSTAR-RBH at 25, which identifies the key assumptions used by the Companies to value the Pittsfield contracts. Please provide the following information on those key assumptions:
- (1) the basis or reference for market price and energy and capacity;
  - (2) the basis or reference for projected energy production;
  - (3) the basis or reference for the discount rate of 7.82 percent.
- IR-DTE-1-32 Refer to Exh. NSTAR-RBH at 26. Please provide the calculation, both a hard copy and a copy on Excel spreadsheet with formulas, for the 12.5 percent savings while using 27 percent as average capacity factor.
- IR-DTE-1-33 Refer to Exh. NSTAR-RBH at 26. Mr. Hevert states the CEA performed a series of analysis under different power and fuel price scenarios. Please identify those scenarios. Please provide a hard copy and an electronic computer copy of the analysis if available.
- IR-DTE-1-34 Refer to Exh. NSTAR-RBH-6, at 1 of 5. Please explain whether the present values in this exhibit were calculated using each company's respective discount rate.
- IR-DTE-1-35 Please provide a copy of the most recent Mitigation Report of NSTAR Electric.